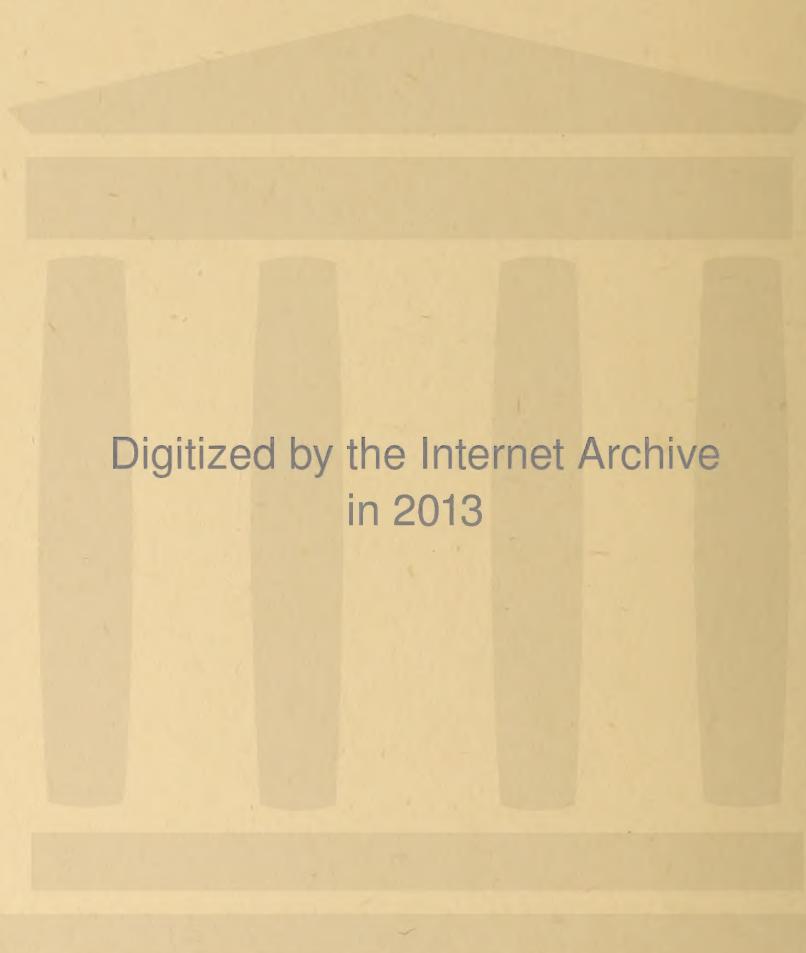


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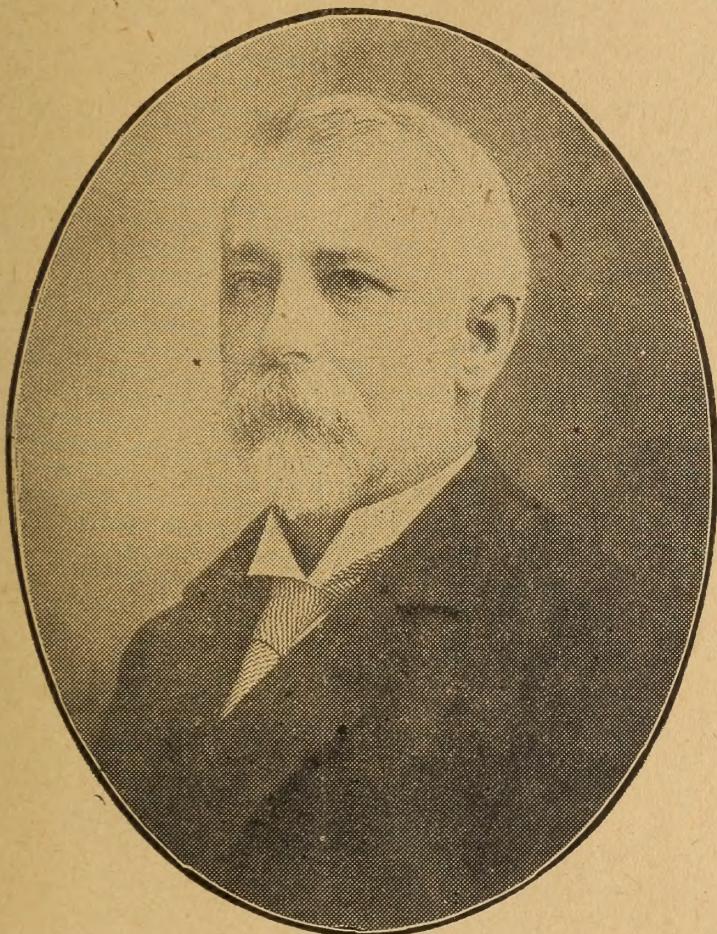
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Reciprocity Agreement

WITH THE UNITED STATES



SPEECH BY
HON. W. S. FIELDING

HOUSE OF COMMONS, JANUARY 26, 1911.

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SPEECH BY
HON. W. S. FIELDING
JANUARY 26, 1911

Hon. W. S. FIELDING (Minister of Finance) moved that the House go into Committee of Ways and Means. He said: Mr. Speaker, the action of this government in consenting to reopen negotiations with the government of the United States with a view to bringing about if possible a satisfactory reciprocal trade arrangement, has been very severely criticised in many quarters. From that fact we may properly infer that there must be some people in this Dominion of Canada who hold the opinion that the commercial policy of the 92,000,000 people who live to the south of us is of no concern to the inhabitants of this Dominion. No other conviction could justify the action of those who have objected to the opening of negotiations. One may easily understand, Sir, that there would be room for difference of opinion as to the merits of any arrangements into which it might be proposed to enter, but that there should be opposition to the reopening of negotiations in response to the friendly approach of the United States government seems to us, in the light of history, to be very strange indeed. Sir, for us, for this government, for this parliament, for this Dominion, to set itself against a discussion of the question of the trade relations between our country and the neighbouring republic would be to emphatically reverse the historic policy of the Dominion from the first day of confederation down to the present time, and not only the policy of the Dominion but the pre-confederation policy of every province out of which the Dominion was subsequently formed. Whether we desire it or not, Sir, the conditions of our two countries, lying side by side, must always make us of much interest one to the other.

The 92,000,000 people to the south are willing to acknowledge that they are interested in the commercial policy of Canada, and we representing 8,000,000 people are not ashamed to confess that we have the deepest concern in the policy which those people may adopt in relation to their commerce with the world at large. It is because we have the feeling that there is a mutual interest, that we have entered upon the negotiations as to which it is my privilege now to address you.

It ought not to be necessary to speak of this historic policy to which I have referred, but in view of the very strong action that has been taken by many gentlemen adverse to reciprocity it will be necessary that I shall for a few moments recall some of the main facts of the history of this matter. I am persuaded, and my colleagues are persuaded, that many of those who have formed a hasty judgment against reciprocity and against reciprocity negotiations have not given their deliberate judgment, and now that the time has come that we are able to disclose the results of our negotiations, we are more hopeful, Sir, that not only will the negotiations themselves be approved, but that the result in these negotiations will be approved, not only by the country at large but by a great number of the gentlemen who have hitherto taken up that adverse position. Not to go back any further than a time within the memory of those who are sitting within the sound of my voice, we have to recall the reciprocity treaty of 1854, which was a treaty covering a wide range of national products. At the time that treaty was arranged for, between the then provinces of British North America and the United States, it naturally received some criticism. No measure of magnitude can at any time be presented to a deliberate assembly or to a great people without some kind of criticism being found. But, I think I am correct in stating that after that treaty had been in operation for some years it was recognized as being in the highest degree beneficial to the provinces of British North America, and as we thought beneficial also to the United States. Be that as it may, when the time came for the abrogation of that treaty in 1866, there was grave anxiety on the part of the people of North America as to the effect of that abrogation. Our trade interests, it was thought then, were so much dependent upon the American market that the abrogation of the treaty was naturally a cause of much alarm. Every public man in the provinces as they then were, and every public man of responsible position from that day to this in the Dominion of Canada, has realized the necessity of trying to cultivate good trade relations with the United States. From 1854 to 1866 the treaty was in operation. That brought us down to the very eve of confed-

eration. Confederation dates from 1867, and one of the arguments very frequently used in support of the union movement was that in view of the abrogation of the treaty with the United States it was desirable that the provinces should be united in order that they might be stronger in their efforts to bring about a readjustment of our commercial relations and the procuring of a new treaty.

So, from the beginning of confederation this desire of reciprocity became the established policy of the country. It was the established policy, not of one political party, but it was the policy of all political parties that have had to do with the government of Canada. In 1868, in the first year of confederation, there was enacted in the tariff of that year a standing offer of reciprocity to the United States. The men of that day who controlled the government of Canada felt that as one of their first steps they must make this declaration that they desired to renew some reciprocal arrangement with the people of the United States. Accordingly, there was carried into the tariff of 1868, the first tariff after confederation that standing offer of reciprocity to the United States. In 1869 Sir John Rose, then, if I mistake not, occupying the position which I now have the honour to fill, was sent to the United States as a delegate from the Canadian government to endeavor to bring about reciprocity. In 1870, in the tariff legislation of that time, the standing offer was again inserted. It was changed somewhat in form, but it was renewed in principle and in substance. In 1871 Sir John Macdonald was concerned in the negotiation of what was then called the treaty of Washington, and he endeavoured to bring about commercial reciprocity, as well as settle the other matters that were afterwards dealt with in the treaty, but he was, as his predecessors had been, unsuccessful in establishing better commercial relations. In 1873 a change of government took place, the government of Hon. Alexander Mackenzie came into power, and Mr. Mackenzie again took up the question of reciprocity. So that, in the days of the Liberal government and in the days of the Conservative government this desire for reciprocity has at all times been found. The Mackenzie government dispatched Senator George Brown, of Toronto, to Washington for the purpose of negotiating a treaty, and a treaty was prepared at that time, but the United States failed to ratify it. In 1878, in the early days of what our friends opposite call the National Policy, one of the strongest arguments which they used in many quarters was that the National Policy should be adopted as a means of forcing the Americans to give us a new reciprocity treaty. In their first tariff, the so-called National Policy, adopted in 1879, a standing offer was made, and the terms in which it was made were sufficiently interesting in view of what has now been accomplished to justify me in taking the time of the House for a mo-

ment by reading them. In section 6 of the Tariff Act of 1879 there is this standing offer:—

“Any or all of the following articles, that is to say: animals of all kinds, green fruit, hay, straw, bran, seeds of all kinds, vegetables, (including potatoes and other roots), plants, trees and shrubs, coal and coke, salt, hops, wheat, peas and beans, barley, rye, oats, Indian corn, buckwheat and all other grain, flour of wheat and flour of rye, Indian meal and oatmeal, and flour of meal of any other grain, butter, cheese, fish (salted or smoked), lard, tallow, meats, (fresh, salted or smoked), and lumber, may be imported into Canada free of duty, or at a less rate of duty than is provided by this Act, upon proclamation of the Governor in Council, which may be issued whenever it appears to his satisfaction that similar articles from Canada may be imported into the United States free of duty, or at a rate of duty not exceeding that payable on the same under such proclamation when imported into Canada.”

So you will see, Sir, that our Conservative friends, upon coming back to power in 1878-9, deemed it necessary as one of their first steps that they should proclaim to the world their desire to establish reciprocal trade relations with the United States. That principle was continued in their tariff from year to year with some change of form, but not in principle, so that down to the day when the Conservative party retired from office in 1896 this desire to obtain reciprocity with the United States was to be found upon the statute book, in budget speeches and in everything wherein they proclaimed the commercial policy of Canada.

Now, we turn to the change of administration of 1896. In the Liberal platform of 1893, reciprocity occupied a prominent part and soon after this government came into power—indeed, if my memory is correct, even before parliament assembled—two members of the government were sent to Washington with the view of ascertaining what might be done in the way of reciprocal treaty arrangements. They did not find the situation favourable and they came back to their colleagues and reported that they were not able to accomplish anything. There is one incident in this history that I had forgotten that is of importance, and that is that in the year 1891 the dissolution of parliament was ordered by the Conservative government of the day upon the ground that they regarded the reciprocity question as so important that they required a mandate from the people of the Dominion to enable them to proceed to Washington and deal with that question. The Liberal party of the day also was in favour of reciprocity. Both parties declared for reciprocity at that time and the only question was as to which one could get the largest degree of reciprocity. So, if we follow it from day to

day and from year to year, taking the history of the reciprocity treaty of 1854, the early years of confederation, the period in connection with the National Policy and the period since the change in administration, down to the joint high commission in 1898-9, we find that throughout all these years, whatever difference there may have been amongst the public men of our country on other subjects, there was no difference of opinion as to the great importance and desirability of re-establishing reciprocal trade relations with the United States or America.

Now, in view of the history which I have so hurriedly presented to you, and with which many hon. gentlemen in the House are more intimately acquainted than I am, would it not have been a strange proceeding, if this government had refused to entertain the friendly approaches of the President of the United States, and to join in a conference to see whether or not something could be brought about in the way of reciprocity? That was the position in which we found ourselves and I confess it was with much surprise that we found the many manifestations of opposition. Again I say I am persuaded that the gentlemen who on the public platform or in the press took such strong ground against our action, did not give us the benefit of their well considered judgment. I am going to appeal to them to revise that judgment, to give a fair consideration to the project we are about to submit to them, and in all sincerity I say I am most hopeful indeed that what we have to propose will not be regarded as a matter of party contest, but as something which if it can be brought about by the joint action of this parliament and the Congress of the United States, will work out for the good of the Dominion and we trust for the good of the United States as well.

These negotiations, Sir, may be said to have commenced nearly a year ago. They took at first the shape of a communication from the Secretary of State of the United States to the Right Hon. Mr. Bryce, His Majesty's ambassador at Washington. The matter being one purely of a Canadian character, Mr. Bryce, like the very sensible ambassador he is, turned it over to the government of Canada for consideration and from that time down to the present these negotiations have been conducted directly between ministers of the government at Ottawa and the Secretary of State or the officers of the Department of State at Washington. I wish to say in that connection that at every stage of the matter we have been favoured with the cordial sympathy and co-operation of the distinguished ambassador at Washington, and that on many occasions we found his co-operation and sympathy and advice of the utmost value to us. I desire in this public way to acknowledge the service he has rendered to Canada in his capacity as ambassador for His Majesty.

The United States tariff was revised a year or two ago, and the world received what is known as the Payne-Aldrich tariff. That tariff brought out an embarrassing situation between the United States and some countries particularly between the United States and Canada. The Payne-Aldrich tariff provided that what was called the maximum tariff, a very high tariff, should be imposed on the products of all countries to which that tariff is applied. It was said in the course of the discussions arising out of our action in connection with that matter that Mr. Taft, the president, would never have put the maximum tariff on Canada. That has been very frequently said. Now if the situation had really been as it seemed to be in the minds of the gentlemen who made that criticism, I should have been disposed to agree with them. I will frankly say that I do not think Mr. Taft ever desired to impose the maximum tariff upon the products of Canada. The misfortune was that Congress had imposed the tariff. It was not a question of Mr. Taft doing it. Congress had put that tariff on and declared that on and after a given date the products of all countries not exempted by special action of the president should become subject to the maximum tariff. The maximum tariff existed and was coming into operation in a few days. It was not a question of Mr. Taft putting it on, but of Mr. Taft being induced to take it off, as he had the power to do. The President of the United States, as one evidence of his sincere desire to avoid trouble with Canada on that question, did us the honour of inviting a member of this government to proceed to Albany to meet him and discuss the matter. He came a long way from his capital and not very far from our own and was pleased to discuss the question there with a minister of the Canadian government. My colleagues did me the honour of sending me on that mission. I have said before and repeat that at my first interview with that distinguished statesman, the President of the United States, I became satisfied that he was animated by the warmest desire to make a fair and just and friendly arrangement with Canada. As I have already said, it was not a question of putting on the maximum tariff, it was a question of taking it off, and I found that the President of the United States was willing to take it off if we could give him some decent excuse to do so under the terms of the American tariff law. We made a few changes, a few concessions of no earthly importance, so small and trifling that I am sure hardly any of us in the House could remember to-day what they were. But they served the purpose; they were enough to give Mr. Taft the reason and excuse he desired and accordingly he issued his proclamation that Canada should not be placed under the disadvantage of the maximum tariff, which if applied would undoubtedly have done harm on both sides, most certainly to large busi-

ness interests in Canada. Out of the negotiations at that time have sprung the larger negotiations of a more recent date. We were invited by the President and the Secretary of State, Mr. Knox, to take up the greater question of a reciprocal trade arrangement. The arrangements we made nearly a year ago, last March, were of such a small and trifling character that nobody could have regarded them as a final adjustment to our tariff question and we readily responded to the suggestion of the President that we should meet him and his cabinet ministers for the consideration of the question along broader lines.

Mr. FOSTER. Was it in any way one of the conditions on which President Taft consented to excuse Canada and lift her out of the rather embarrassing condition, that in addition to the concessions which we gave in a tariff sense, there should be an undertaking, implied or expressed that that action should be followed by negotiations for a trade treaty?

Mr. FIELDING. As a matter of condition, no. There was no question, understanding, agreement, condition or suggestion as between Mr. Taft and the Canadian government that is not set forth in the correspondence which has been in the possession of the House for the last ten months. That correspondence clearly shows that Mr. Taft expressed an earnest desire to have a discussion on broader lines and that on behalf of our colleagues we agreed that the discussion should take place; but it was not a condition of Mr. Taft taking any action at that moment; it was a matter which we jointly desired, which he had suggested, and which we were very happy to agree to.

I have, Sir, referred thus to the earlier stages of these negotiations, and brought the story down to a very recent date. I have pointed out that the desire for reciprocity was not a party matter, that it was universal, and we felt, as we had a right to feel, that we were bound to take advantage of any opportunity that offered to bring about that more desirable arrangement of trade between the United States and Canada for which this country had been seeking for the last half century. That was the position in which we found ourselves. If we thought the moment was favourable, if in view of that history which I have so briefly referred to, we thought the psychological moment had come when we could deal with the United States in a more favourable manner, if we thought they had repented, if I may use the expression, of the error of their ways, that they had seen they could not afford to treat Canada in the way they had been treating her in bygone years, if they had reached that happy frame of mind, was it our duty to refuse to meet them? Was it not our duty to meet them?

and say: We are glad, brethren, you think better of the situation, we are willing to sit down and discuss this matter in a fair and generous spirit?

We have, then, proceeded along these lines, and we have conducted negotiations first at Ottawa and afterwards at Washington, covering the whole question of trade relations. We have now been able to come to an understanding, and if we are able to bring about some of the good results which this country has been seeking for many years, I earnestly hope that the action will be one in which all parties in this House and in this country will be able to join and say that that is for the good of Canada, and for the good of the United States as well. Let me proceed to tell you, first in a summary way and afterwards in detail, exactly what the arrangement is.

In the first place, I am glad to be able to tell the House that at a very early stage in our negotiations, several months ago indeed, we informed the representatives of the United States government that while we desired to make a friendly reciprocal arrangement, while we were most anxious to broaden our trade conditions and to establish and continue friendly relations with them, we believed that could be now brought about as well by mutual legislation as by the more definite form of a treaty; and therefore we informed them that while we were prepared to proceed with the negotiations and to make the arrangement as broad and generous as we could, it must be understood that we preferred the form of concurrent legislation, and that it was not our purpose to bind the Dominion of Canada or the United States in the way of a treaty.

Mr. FOSTER. Can the minister give about the date at which that information was sent to Washington?

1 Mr. FIELDING. It was never sent to Washington by any communication. It occurred in the personal communications between the representatives of the government and those of the United States.

Mr. FOSTER. The date of that?

Mr. FIELDING. It occurred in the city of Ottawa, at the time the delegates from the United States were here. I cannot give my hon. friend the exact date. Intimation was given that while we were anxious to have an arrangement, we preferred that there should be no treaty, and we thought we could show that the arrangement could be made useful and effective without the formal binding of a treaty. It will, therefore, be found, in the document which I shall read presently, that we have made no binding arrangement — that if this arrangement which I shall present to you, commends itself to

your judgment, is found to be advantageous, it will continue, but if on reasonable trial it is found in any way to be unsatisfactory to the Dominion of Canada, the government and the parliament of the day, are absolutely free at any time to change the arrangement, and nobody will have any right to complain.

The next point is that we have arranged that there shall be a large free list. We have agreed upon a schedule containing a large number of articles which are to be reciprocally free. These are chiefly what are called natural products, though there are some things in them which would hardly be classed in that way. Some of these things are already free in Canada, but have been subject to duty in the United States. We have been able to arrange that the United States shall take off the duty, and, therefore, instead of having what some of our hon. friends have sometimes called a lop-sided free trade, there will be real free trade in this matter, and the thing that is free in Canada shall also be free in the United States.

In another schedule we have provided a rather numerous list of items on which there shall be a common rate of duty in both countries. A very common criticism on the part of the gentlemen who have not viewed this matter as favourably as we would have wished has been: If the United States want to make a tariff arrangement with you, let them come down to your rates of duty. It seemed to be taken for granted that that was what the United States would not do. But that is exactly what we asked them to do, and what they have agreed to do, respecting a large number of articles. They have not only come down to our rates, but in some cases they have come below them, and in those cases, in order to reach that common rate, we have had to make reductions. But as our tariff is a moderate one, while theirs, in the main, is a high tariff, the result has been that, in order to arrive at a common rate, we have had to make only moderate reductions, while they, in many cases, have had to make quite large reductions. There are a few exceptions to this general rule. We found a few cases with which we desired to deal, but with respect to which we were not able to agree upon a common rate. In some instances it was not so much the rate itself as the classification and the phraseology. Dealing with these cases as exceptions, we have provided one schedule of articles on which the United States impose the rates of duties therein mentioned on the products of Canada, and another schedule of articles on which Canada imposes the rates of duties therein mentioned on the products of the United States. The idea of reciprocity is in the arrangement, but it does not require both countries to adopt the same rate or the same classification. These two schedules, however, will be found to contain not many items.

Mr. BORDEN (Halifax). If there is nothing in the nature of a treaty, how is this arrangement to be carried out?

Mr. FIELDING. My hon. friend will see as I proceed. It is not a binding treaty in any shape or form. The arrangement rests on mutual faith, mutual good-will, mutual conviction that the thing is for the benefit of the two countries.

Before I deal with the schedules in detail, I want to give an illustration of how we have been able to reach a common ground. For example, take the article of wheat. At present wheat is dutiable in the United States at 25 cents a bushel and in Canada at 12 cents a bushel. We make wheat free in both countries. The reduction in Canada is 12 cents a bushel, whereas the United States reduction is 25 cents a bushel. I give that as an illustration of the fact that the tariff of the United States being much higher than ours, in order to meet a common rate they have had to make very much larger reductions than we have.

Mr. OWEN. What will be the duty on our wheat going into the United States?

Mr. FIELDING. The duty on our wheat going into the United States will be nothing. As another illustration, take the article of barley. It was a large crop in Ontario some years ago, and when the American tariff increased the duty on barley it was regarded by Canadian farmers as a rather severe piece of legislation. Barley is now made free. Canada's reduction is 15 cents per bushel and the United States reduction is 30 cents per bushel.

Take another illustration, an item of importance to many districts in this country, the item of potatoes. Potatoes are now made free. Canada's reduction is 20 cents per bushel and the United States 25 cents.

Oats are made free. Canada's reduction is 10 cents per bushel, the United States 15 cents per bushel.

Flour is now to be dutiable at the common rate of 50 cents per barrel; Canada's reduction is 10 cents per barrel; the United States reduction is about equal to 70 cents per barrel.

Rough sawn lumber is made free. It was already free in Canada, but in the United States, even under the Payne-Aldrich tariff, there was a duty of \$1.25 per 1,000 feet. That duty is removed, and rough sawn lumber may be exported free into the United States by the manufacturers of the Dominion.

In the discussion of tariff items in this House in by-gone years, there were two items which were commonly bracketed together, strange as it may appear. I refer to coal and flour. In the early days of

the discussion of the duties on these articles, it was argued with much force that the coal duty was rather a burden on the people of Ontario, and that the flour duty imposed a burden on the people of the lower provinces, and that, on the principle of give and take, the people of the two sections should be willing to have these two duties imposed, each section profiting by that policy. I need not now go into the discussions which took place at that time. We are now proposing to bracket them together. We are making a small reduction in the duty on flour of 10 cents per barrel, and a small reduction in the duty on coal of 8 cents a ton. The present duty on coal is 53 cents, and we propose to make it 45 cents. The duty in the United States to-day is 45 cents, and our duty, under this arrangement, will be 45 cents. But that is not fully placing the matter fairly before the House. In the United States the duty is 45 cents on the long ton of 2,240 pounds, whereas, ours is on the short ton, so that while nominally there is a similarity, there is not actually quite an equalization of the rates. However that may be, our coal people, who were alarmed over this reciprocity matter, will have to bear a cut of 8 cents per ton on their duty; and I hope, as one who has warm sympathy for the coal trade, that they will be able to stand it and continue to do business at the old stand.

Mr. CURRIE (Simcoe). Is there any change in the duty on slack coal?

Mr. FIELDING. I am just coming to that. There is no change in the duty on slack coal coming into Canada, but there is a very important change in the duty on slack coal going into the United States. Slack coal is dutiable at 15 cents per ton in the United States. Recently, in the last amendment to the tariff law, words were used in the definition of slack coal which led to considerable trouble. The words used, if I remember correctly, were that all slack coal shall be deemed coal produced in the ordinary way. And the United States authorities ruled that coal which was washed for the purpose of preparing it is not produced in the ordinary way, and therefore, one of our coal concerns, which has large contracts in the United States, and desires to build up a large trade in that country in slack coal, found itself subject to this condition, that what it regarded as slack coal was regarded by the United States as coal screened and held dutiable at the rate of 45 cents per ton. We protested against that and we arrange that the duty of 15 cents per ton on slack coal should apply to slack coal of all kinds, including washed coal.

Another item is that of coke. Coke is free in Canada, but dutiable in the United States. We asked that it be made free in the United States as well as free in Canada, and our American friends have agreed. I think that the hon. gentlemen interested

in the coal fields in British Columbia will be very glad to hear that news because coke is an important item, and I have every reason to believe that large quantities of coke will go from British Columbia into the United States under this arrangement.

With regard to some of the items made free, I have said before that they are largely natural products, but we have made some reductions in a moderate list on manufactured articles. I have already indicated that our reductions are not very large while those of the United States are considerable. Our manufacturers are rather alarmed at the competition of the Americans. No doubt, with the magnificent organization and great accumulation of capital, our American friends are in advance of us in most of the lines of manufacture, and I do not suppose that in manufacturing generally we can hope at present to send many things across the line. But I do hope that the reduced rates of duty will open up new facilities to our manufacturers and that we shall be able to send more manufactured goods across the border. Our manufacturers, whose products are shut out to-day by prohibitory duties, may be encouraged to send some of their goods into the United States under a moderate tariff.

Take wire rods which are largely made in Canada. They are free in Canada but dutiable in the United States, and there is a bounty on them here which will expire shortly. We have thought it desirable that our manufacturers in that line should have a chance in the American market, and therefore, we claimed that wire rods, which are now free in Canada, should be free in the United States, and I think we will have a fair chance of making wire rods for Uncle Sam and sending them over from our steel plants.

With regard to agricultural implements, the House need not be reminded of the strong desire on the part of our western farmers to have better terms on these articles. They would be glad to have them free of duty, but, anxious as I am to meet their views, I must frankly say to them that we do not think that is fair. Like all others they must be prepared to give and take, they must be prepared to bear their share of the burdens of the country, and I believe that when the matter is fairly put to the farmers, they will recognize that principle. We do not propose to make agricultural implements free, but to make some reductions, and we trust that, while these may not be all the farmers want, they will be evidence of the desire of the government to meet their views as far as possible without doing any injustice to the industries of Canada. We have made a 15 per cent. list on agricultural implements, including mowers, reapers and harvesters. These were 17½ per cent., and we now propose to reduce them to 15 per cent.

Mr. BRODER. Is there any change to be made in the valuation for duty?

Mr. FIELDING. Our negotiations have not touched the question of valuation; that must be left to the operation of the customs authorities of the two countries. Then there is a list of implements: Cultivators, ploughs, harrows, horse-rakes, seed-drills, threshing machines, including wind-stackers, baggers and weighers; these are reduced from 20 per cent. to 15 per cent. Then, hay-loaders, potato-diggers, fodder and feed-cutters, grain-crushers, fanning-mills, farm or field-rollers—on these the Canadian reduction is from 25 to 20 per cent. These are the reductions which are being made in our tariff. On the other side of the question, the United States tariff on some of these things is 15 per cent. We have provided that parts of machines shall be introduced at the same rate as the machine itself. In the United States, where they had a nominal rate of 15 per cent. upon agricultural implements of a certain class, it was provided that repair parts for these machines should be dutiable at the rate of 45 per cent. We have provided that the machines and the parts shall bear the same rate of duty. Then, portable engines, horse-power and traction engines for farm purposes, hay-loaders, potato-diggers, fodder or feed cutters, grain-crushers, fanning-mills, manure-spreaders, windmills, and parts therof for repairs—these are now dutiable in the United States at from 30 to 45 per cent., and we have arranged that the American duty shall be reduced to 20 per cent.

Before I proceed to take up the schedules in detail, there are one or two interesting features which I am sure the House would wish me to explain at the earliest moment. We have had very interesting discussions from time to time over the question of the duty on paper and pulp of various kinds. Our American friends were anxious for some tariff change in relation to these articles. We ourselves were anxious for some tariff changes. As respects certain grades of pulp and paper, mechanically ground pulp, chemical pulp, common printing paper, known as newsprint, or common paper, up to a limited value of four cents per pound, we believed that we could compete with our American friends on these particular articles and that it was desirable we should have free trade in them. As to the paper of a more advanced quality, I doubt if we would be able to compete with them and we did not take that class of paper into our negotiations. But as respects pulp of its various kinds and common newsprint paper and common pasteboard and common paper of all kinds running to the value of four cents per pound, we would have been quite willing to have reciprocity with them. They said: We are quite willing to do that if you provide that the regulations which exist in some of your provinces with regard to the shipment of pulpwood shall be removed. Of

course, there could be but one answer to that. We have nothing to do with the provincial regulations. These regulations have been made by the provincial governments in accordance with what they believed to be the best interests of their respective provinces, and whether they are good or bad regulations was not for us to debate with our friends of the United States. And so we had to say to them: If you propose to put any such limitations upon the arrangement we cannot object to your doing for yourselves what you think best respecting the terms and conditions upon which you will admit our paper into your country: you have the right to impose these conditions, and if they do not suit Canada no harm is done; but we on our side will not agree to make paper and pulp and these articles free in Canada until you have made them free into your country from every province and part of the Dominion of Canada. So, the matter stands in this way: that they will put in their tariff, as set forth in their correspondence with us, an item that these various grades of pulp and paper shall be made free if there be no regulations, either in the form of an export duty or in the form of the provincial regulations interfering with the shipments of pulpwood. Whenever that condition arises they will make paper free. We said: All right, but that is no concession to us, and we will not make your paper free in Canada until you remove the restriction.

Now, there was one other question. It has always been a matter of complaint against the United States (and I may say it has sometimes been a matter of complaint against my good friend the Minister of Customs) that the pious intentions of tariff makers are sadly interfered with by the administration which makes the regulations, and so we thought it necessary to bring that question to the notice of our American friends. As these regulations may arise from time to time, it was impossible to deal with them in detail, but what we thought we ought to do was to obtain on both sides a declaration that there should be no interference by means of vexatious regulations with the good intentions of the reciprocal arrangement, and that both parties would sincerely and earnestly endeavor to facilitate trade along the lines contemplated. It is set forth in our correspondence that if any regulation is found to work adversely either party would have the right to make representations concerning it, and each party pledged itself to the other that it would endeavor to remove any regulation as to which there was found just cause of complaint.

There is one other question before I come to deal with the correspondence and the schedules, namely, the very important branch of our national industry which touches the fish question. Canada has never enjoyed the advantage of free fish into the United States except upon the

condition that she should grant the United States not only similar privileges, but the right to fish in the national waters of Canada. That was a condition of the old reciprocity treaty, and under that condition very satisfactory progress in our fisheries was made. There are some people in our country to-day who attach so much importance to the item of free fish that they would be willing, in order to obtain it, to give to our American friends the right to fish in our waters. We do not think that this represents the national sentiment. We said to our American friends that we were willing to meet them in the exchange of commodities, that we wanted to show our good will, but that we could not discuss this question at all of giving them free fishing, and practically at an early stage in the negotiations that feature was eliminated. One thing further we have done: We have secured, I must say unconditionally, for the first time what is regarded as the very substantial advantage of the free admission of our fish of all kinds into the United States markets. In what is commonly called the Chamberlain-Bayard treaty, made between Mr. Chamberlain and Sir Charles Tupper on the one side and Mr. Bayard, of the United States, on the other, in the year 1888, provision was made for free fish being admitted into the United States, and the condition set forth in that treaty was that Canada should give to the fishermen of the United States certain commercial privileges, such as the right to come into our ports and obtain bait, ice and supplies, and to ship crews and transfer their fish. These commercial privileges were to be granted free of all charge and cost to the United States in exchange for the privilege of free fish in the United States market.

It was believed at that time that the treaty would probably be ratified; but as there might be some delay in the ratification, and with a view of avoiding the friction which unhappily was existing in relation to our fisheries, there was put into the form of a protocol what was commonly known as the modus vivendi, in which it was declared that for a period of two years, that being the period within which it was thought the treaty would be ratified, the United States would be allowed to enjoy these commercial privileges by a license to be issued to their fishermen at the cost of \$1.50 per ton. That arrangement, which was contemplated for two years, has existed down to the present time. The treaty was not ratified, the American government was not able to secure its ratification in the Senate, but inasmuch as the withdrawal of the modus vivendi, it was thought, might lead to some friction and some embarrassment, the Canadian government decided to let it remain in operation, and it has so remained down to the present time. We get a few thousand dollars from the licenses which are so issued to our American friends. We do not value this license system for the sake

of the small revenue it yields. The important point is to maintain our national control of the inshore fishery. As we shall, if this arrangement be confirmed, receive the benefit contemplated by the treaty of 1888, which failed of ratification, we propose to give the United States fishing vessels these licenses, not exactly free, as that treaty proposed, but for the nominal fee of \$1.00 per annum.

I think I have called attention to all the special features of this arrangement, and now I propose to present to the House the form in which the arrangement is made. The decision that was reached was that my hon. friend the Minister of Customs and myself—

Mr. BURRELL. Would the hon. gentleman permit me to ask him how the new arrangement affects fruit?

Mr. FIELDING. When I read the schedules, my hon. friend will find that fruit is made reciprocally free.

Mr. SPROULE. What about dairy products?

Mr. FIELDING. Dairy products are free.

Mr. MONK. What about garden produce?

Mr. FIELDING. Vegetables are free. I was saying that the form in which this arrangement was made that my hon. colleague and myself should address to the United States Secretary of State a letter setting forth our understanding of what had been mutually determined, and inviting him to confirm it. I will now read the letter:

Washington, January 21, 1911.

Dear Mr. Secretary,—

1. The negotiations initiated by the President several months ago through your communication to His Excellency the British Ambassador respecting the reciprocal tariff arrangement between the United States and Canada, and since carried on directly between representatives of the governments of the two countries, have now, we are happy to say, reached a stage which gives reasonable assurance of a conclusion satisfactory to both countries.

2. We desire to set forth what we understand to be the contemplated arrangement and to ask you to confirm it.

3. It is agreed that the desired tariff changes shall not take the formal shape of a treaty, but that the governments of the two countries will use their utmost efforts to bring about such changes by concurrent legislation at Washington and Ottawa.

4. The governments of the two countries having made this agreement from the conviction that, if confirmed by the necessary legislative authorities, it will benefit the people on both sides of the border line, we may reasonably hope and expect that the arrangement, if so confirmed, will remain in operation for a considerable period. Only this expectation on the part of both governments would justify the time and labour that have been employed in the maturing of the proposed measures. Nevertheless, it is distinctly understood that we do not attempt to bind for the future that action of the United States Congress or the Parliament of Canada, but that each of these authorities shall be absolutely free to make any change of tariff policy or of any other matter covered by the present arrangement that may be deemed expedient. We look for the continuance of the arrangement, not because either party is bound to it, but because of our conviction that the more liberal trade policy thus to be established will be viewed by the people of the United States and Canada as one which will strengthen the friendly relations now happily prevailing and promote the commercial interests of both countries.

5. As respects a considerable list of articles produced in both countries, we have been able to agree that they shall be reciprocally free. A list of the articles to be admitted free of duty into the United States when imported from Canada, and into Canada when imported from the United States, is set forth in Schedule A.

6. As respects another group of articles, we have been able to agree upon common rates of duty to be applied to such articles when imported into the United States from Canada or into Canada from the United States. A list of these articles, with the rates of duty, is set forth in Schedule B.

7. In a few instances it has been found that the adoption of a common rate will be inconvenient and therefore exceptions have to be made.

8. Schedule C specifies articles upon which the United States will levy the rates therein set forth when such articles are imported from Canada.

9. Schedule D specifies articles upon which Canada will levy the rates therein set forth when such articles are imported from the United States.

10. With respect to the discussions that have taken place concerning the duties upon the several grades of pulp, printing paper, etc.,—mechanically ground wood pulp, chemical wood pulp, bleached and unbleached, news printing paper and other printing paper, and board made from pulp wood, of the value not exceeding four cents per pound at the place of shipment—we note

that you desire to provide that such articles from Canada shall be made free of duty in the United States only upon certain conditions respecting the shipment of pulp wood from Canada. It is necessary that we should point out this is a matter in which we are not in a position to make any agreement. The restrictions at present existing in Canada are of a Provincial character. They have been adopted by several of the Provinces with regard to what are believed to be Provincial interests. We have neither the right nor the desire to interfere with the Provincial authorities in the free exercise of their **constitutional powers in the administration** of their public lands. The provisions you are proposing to make respecting the conditions upon which these classes of pulp and paper may be imported into the United States free of duty must necessarily be for the present inoperative. Whether the Provincial Governments will desire to in any way modify their regulations with the view to securing the free admission of pulp and paper from their provinces into the market of the United States must be a question for the Provincial authorities to decide. In the meantime, the present duties on pulp and paper imported from the United States into Canada will remain. Whenever pulp and paper of the classes already mentioned are admitted into the United States free of duty from all parts of Canada, then similar articles, when imported from the United States shall be admitted into Canada free of duty.

11. The tariff changes proposed might not alone be sufficient to fully bring about the more favourable conditions which both parties desire. It is conceivable that customs regulations which are deemed essential in some cases might operate unfavourably upon the trade between the United States and Canada, and that such regulations, if made without due regard to the special conditions of the two countries, might to some extent defeat the good purpose of the present arrangement. It is agreed that the utmost care shall be taken by both Governments to see that only such customs regulations are adopted as are reasonably necessary for the protection of the treasury against fraud; that no regulation shall be made or maintained which unreasonably hampers the more liberal exchange of commodities now proposed; that representations on either side as to the unfavourable operation of any regulation will receive from the other all due consideration, with the earnest purpose of removing any just cause of complaint; and that, if any further legislation is found necessary to enable either Government to carry out the purposes of this provision, such legislation will be sought from Congress or Parliament as the case may be.

12. The Government of Canada agree that, until otherwise determined by them, the licenses hitherto issued to United States fishing vessels under the provisions of section 3 of chapter 47 of the Revised Statutes

of Canada, granting to such vessels certain privileges on the Atlantic coast of Canada, shall continue to be issued and that the fee to be paid to the Government of Canada for such license by the owner or commander of any such United States vessel shall hereafter be one dollar per annum.

13. It is understood that upon a day and hour to be agreed upon between the two Governments, the President of the United States will communicate to Congress the conclusions now reached and recommend the adoption of such legislation as may be necessary on the part of the United States to give effect to the proposed arrangement.

14. It is understood that simultaneously with the sending of such communication to the United States Congress by the President, the Canadian Government will communicate to the Parliament of Canada the conclusions now reached, and will thereupon take the necessary steps to procure such legislation as is required to give effect to the proposed arrangement.

15. Such legislation on the part of the United States may contain a provision that it shall not come into operation until the United States Government are assured that corresponding legislation has been or will be passed by the Parliament of Canada; and in like manner the legislation on the part of Canada may contain a provision that it shall not come into operation until the Government of Canada are assured that corresponding legislation has been passed or will be passed by the Congress of the United States.

Yours faithfully,

(Sgd.)

W. S. FIELDING.

WM. PATERSON.

The Honourable P. C. Knox,
Secretary of State,
Washington, D. C.

Mr. MACLEAN (York). Does that mean that all or none must be accepted on behalf of each government?

Mr. FIELDING. Practically, I would say, yes.

Mr. BORDEN (Halifax). Is it an indivisible agreement?

Mr. FIELDING. I would think so, because if we should attempt to make changes our American friends would be equally ready to make changes, and I am afraid that there would be danger of our not making any agreement at all. In that sense, I would say, yes; it would be all or none, although parliament, of course, would have the absolute right to make any changes it saw fit.

Mr. MACLEAN (York). It will be subject to modification or the reopening of negotiations?

Mr. FIELDING. It might be possible, but I am bound to say that I think the time is exceedingly favourable for the accomplishment of this purpose, if we agree that it is desirable, and any attempt made to delay it by further negotiations, I am afraid, would put in peril the whole arrangement. However parliament is absolutely free to treat the matter as it deems best. Let me now read the reply of the Secretary of State, the Hon. P. C. Knox:—

Department of State, Washington,
January 21, 1911.

The Honourable W. S. Fielding, and
The Honourable William Paterson,
Washington.

Gentlemen.—I have the honour to acknowledge the receipt of your communication of this date in relation to the negotiations initiated by the President several months ago for a reciprocal trade arrangement between the United States and Canada, in which you set forth and ask me to confirm your understanding of the results of our recent conferences in continuation of these negotiations.

I take great pleasure in replying that your statement of the proposed arrangement is entirely in accord with my understanding of it.

It is a matter of some regret on our part that we have been unable to adjust our differences on the subject of wood pulp, pulp wood and print paper. We recognize the difficulties to which you refer growing out of the nature of the relations between the Dominion and Provincial Governments and for the present we must be content with the conditional arrangement which has been proposed in Schedule A attached to your letter.

I fully appreciate the importance, to which you call attention, of not permitting a too rigid customs administration to interfere with the successful operation of our agreement, if it is approved by the Congress of the United States and the Parliament of Canada, and I desire to confirm your statement of our understanding on this point. I am satisfied that the spirit evinced on both sides gives assurance that every effort will be made to secure the full measure of benefit which is contemplated in entering into this arrangement.

The assurance that you give that the Dominion Government proposes to require only a nominal fee from the fishing vessels of the United States for the privileges in Canadian waters for which heretofore a charge of \$1.50 per ton for each vessel has been required is most gratifying.

I heartily concur in your statement of the purposes inspiring the negotiations and in the views expressed by you as to the mu-

tual benefit to be derived by both countries in the event our work is confirmed, and I take this opportunity to assure you on behalf of the President, of his appreciation of the cordial spirit in which you have met us in these negotiations.

I have the honour to be, gentlemen,

Your obedient servant,

(Signed), P. C. KNOX.

MR. MACLEAN (York). In case the Congress of the United States or the Parliament of this country should alter in any way the tariff as fixed by this negotiation, what would happen? Would it be, as you were, in regard to everything?

MR. FIELDING. Each party is absolutely free to make its tariff in accordance with whatever it believes to be the interest of the United States on the one side or the interest of Canada on the other.

MR. MACLEAN (York). What would happen then? Would everything then go back to the old condition?

MR. FIELDING. If the United States should change one item in its tariff in a way to prejudice the trade in that particular article, the parliament of Canada might change its tariff on a particular item in such a way as to prejudice the trade in that particular article, and if, by and by one item after another were changed and all the advantages of the arrangement were wiped away, I suppose we would come back to our old condition, and it would be a case of, as you were.

MR. CURRIE (Simcoe). I would like to ask the minister if any articles have been signed, or is this just simply a convention, and not a treaty?

MR. FIELDING. It is neither a treaty nor a convention in the technical sense. The agreement is to be found in the letter addressed by my colleague and myself to Mr. P. C. Knox, Secretary of State for the United States, and in Mr. Knox's reply, the two documents being those which I have just read. These are the only documents that express the arrangement in any shape or form.

MR. CURRIE (Simcoe). Then I understand this is not a treaty at all?

MR. FIELDING. My hon. friend is quite correct.

MR. BORDEN (Halifax). I would like to ask whether the proposed arrangement covers any articles which are imported to any extent from Britain or any of the British possessions, and if so, whether the lowering of duties which has been granted to the United States, is to be extended to Great Britain and the British possessions?

MR. FIELDING. Of course, as a general principle, whether Great Britain is to be interested or not, any duty that may be lowered to any foreign country, according to our well established policy, would be at the same time lowered to Great Britain, and a clause will be inserted in the resolutions which I shall have the honour to propose, providing that where in any case the duties are lowered the benefit shall be extended to Great Britain. As a matter of fact, they are only lower on a few items of food stuffs than the preferential rate and they are articles which Great Britain does not send us at all. Notwithstanding I think that if this arrangement be confirmed, it would probably lead to some readjustment of our tariff here and there, in order that we may maintain, as we fully intend to do, the principle of the British preference and that the concessions under the tariff now existing may be maintained under the condition of affairs when this arrangement is made.

MR. BORDEN (Halifax). I understand from those who are more familiar with such matters from personal experience than I am, that the necessity of obtaining consular certificates for goods exported from Canada to the United States has been found sometimes a little oppressive. Has any arrangement been made in regard to that matter?

MR. FIELDING. It was mentioned and it is covered by the general clause in our agreement that all customs arrangements—and that will include consular certificates—shall be liberally interpreted whatever they may be. We did not think it was possible to go into things in detail because if we attempted to deal with any particular regulation and failed to deal with some others, we would have been embarrassed and we thought our best position would be to deal with the general principle. Therefore, we determined that no regulation should be allowed to hamper this trade unless the regulation were found to be necessary for the protection of the revenue against fraud.

MR. FOSTER. I did not quite understand my hon. friend's answer to the hon. the leader of the opposition (Mr. Borden). As I understood the Finance Minister if in the case of articles imported from the United States and from Great Britain a lower duty is made to the United States, a lowering will also be made to Great Britain. Great Britain has now a preferential rate on certain articles, that preference giving her such and such an advantage, and the lowering of rates on similar articles from the United States, unless a British preference is by that amount increased, diminishes the British preference. Did I understand my hon. friend to say that in all cases of that kind the British preference would be kept intact in its degree?

MR. FIELDING. Not by the operation of this regulation in itself. I understand my

hon. friend's question is whether in the event of any rates being lower on the products of the United States than on the products of Great Britain there would be at the same time a lowering to Great Britain. To that I answer, yes. But I also said, that if this arrangement be confirmed, it would probably necessitate some readjustment of the rates in our tariff laws generally with a view to the maintenance of the preference at whatever rate we may see fit to make..

Mr. FOSTER. Would the minister be willing to say whether that has simply to do with the principle of preference or with maintaining the degree of preference ?

Mr. FIELDING. A large number of the articles covered by this are free; we cannot make them more than free to Great Britain, my hon. friend does not imply that. I think it will be found that most of the rates—I do not wish to speak too generally, for fear in some cases I should make exceptions—most of the rates we are giving, for example on manufactured goods, are the

rates now laid down in the intermediate tariff, of which Great Britain and the world have had notice for several years. There are a few cases in which the rates are lower than the intermediate and even lower than the preference. That is in the case of food products, and as these do not come from Great Britain at all they are of practically no importance in relation to the preference. This instrument deals with duties on goods from the United States, but we would have to look over our tariff and see how it affected the British preference at any given point, and if we see fit to grant Great Britain a larger preference than would remain it is absolutely within the right of this parliament of Canada to fix that preference at whatever we think is a proper rate. That would be a matter for careful examination in detail and I do not think it arises at this moment.

Mr. FOSTER. Suppose that to-day Great Britain on any set of articles enjoys a preference of 33 1/3 per cent. Suppose that by this instrument the United States is given, in that competing line of goods, a lower duty than it now has to pay, will the Finance Minister say that the British preference shall be kept intact as to degree?

Mr. FIELDING. We do not deal with that in this instrument—

Mr. FOSTER. I know you cannot.

Mr. FIELDING. But what we will do in regard to any particular item in our tariff in future Acts or resolutions, is a question which I find it impossible to answer at this moment, but I will say that we remain absolutely free to make the rates of the British preferential tariff as low as we like. If the effect of any given item is what my hon. friend says, to diminish to some extent

the British preference, that is diminishing the proportion although not changing the rate, then if we want to give Great Britain a greater preference all we have to do is to reduce the British preferential rate. That is all.

Mr. FOSTER. The Prime Minister has declared that one prime consideration kept in view in these negotiations was that whatever happened the British preference would not be interfered with. The Finance Minister will not say they will keep the British preference intact, but he says, as everybody knows, that this parliament can do just what it likes about that when it is legislating on that article. But if there was anything made fairly certain it was that whatever was done in this matter between the United States and us the British preference should not be diminished, that is that the degree of the preference should be kept intact. The Finance Minister, I believe, does not go so far as to say that shall be done, he simply throws it on the House and upon our power to do as we like.

Mr. FIELDING. We are dealing to-day with negotiations with the United States. We are giving to the House the result of our negotiations with the United States. It is not necessary for me to say to my hon. friend that the British preference never entered into these negotiations, and that we never discussed with our American brethren what the British preference should be. The preference is a great and important question. We have dealt with it in the past, we shall deal with it again. I do not want to import into this discussion anything of party colour, but I ask my hon. friend if he does not think that the British preference may safely be trusted in the hands of the men who created it?

Mr. FOSTER. I am not particularly interested now as to who created it or pro-created it.

Mr. FIELDING. We are.

Mr. FOSTER. I have a document put before me, a set of negotiations, and as one member of parliament and representing my people I am asked whether I will assent to that or not. As one condition of my assent I want a straight answer to a straight question, that is whether in any degree my acceptance of this will diminish the British preference as it at present exists, either actually or relatively. I have been led to believe by the assertion of the Prime Minister that it would not. Will the Finance Minister allay my fears?

Mr. FIELDING. Unfortunately being possessed of somewhat orderly minds, we like to do one thing at a time. This is a tariff negotiation with the United States. We would have to deal with the items in the tariff generally, we will have to consider

the British preference and see how far it would be affected by this if we made any change. But that is an entirely distinct question which we will have to deal with at the proper time, and I do hope we will be able to deal with it in a spirit of greater sympathy with the principle of the British preference than my hon. friend manifested when the British preference was brought down.

Mr. MIDDLEBRO. Would it be considered a breach of faith or a breach of the agreement which has just been entered into if you should keep the corresponding duty on goods coming from Great Britain to Canada 33 per cent. lower than the duty on similar goods from the United States?

Mr. FIELDING. No, Sir, we can do as we like with the duties on goods from Great Britain.

This agreement deals with the rates of duty on Canadian products going into the United States, with the rates of duty on American products coming into Canada, only that and nothing more. If my hon. friends will permit me, I will now read the schedules:

SCHEDULE A.

Articles the growth, product or manufacture of the United States to be admitted into Canada free of duty when imported from the United States, and reciprocally articles the growth, product or manufacture of Canada to be admitted into the United States free of duty when imported from Canada:

Live animals, viz.:—Cattle, horses and mules, swine, sheep, lambs, and all other live animals.

Poultry, dead or alive.

Wheat, rye, oats, barley, and buckwheat; dried peas and beans, edible.

Corn, sweet corn, or maize (except into Canada for distillation).

We can impose a duty on corn for distillation. In the United States they do not. We maintain our duty for the purpose of distillation, but the corn is free otherwise.

Hay, straw, and cow pease.

Fresh vegetables, viz.:—Potatoes, sweet potatoes, yams, turnips, onions, cabbages, and all other vegetables in their natural state.

Fresh fruits, viz.:—Apples, pears, peaches, grapes, berries and all other edible fruits in their natural state.

Dried fruits, viz.:—Apples, peaches, pears and apricots, dried desiccated or evaporated.

Dairy products, viz.:—Butter, cheese and fresh milk and cream. Provided that cans actually used in the transportation of milk or cream may be passed back and forth between the two countries free of duty, under such regulations as the respective Governments may prescribe.

Eggs of barnyard fowl in the shell.

Honey.

Cotton-seed oil.

Seeds, viz.:—Flaxseed or linseed, cotton-seed and other oil seeds; grass seed, including timothy and clover seed; garden, field and other seed not herein otherwise provided for, when in packages weighing over one pound each (not including flower seeds).

Fish of all kinds, fresh, frozen, packed in ice, salted or preserved in any form, except sardines and other fish preserved in oil; and shell fish of all kinds, including oysters, lobsters and clams in any state, fresh or packed, and coverings of the foregoing.

Seal, herring, whale, and other fish oil, including seal oil.

Salt.

Mineral waters, natural, not in bottles or jugs.

Timber, hewn, sided or squared otherwise than by sawing, and round timber used for spars or in building wharves.

Sawed boards, planks, deals and other lumber, not further manufactured than sawed.

Paving posts, railroad ties, and telephone, trolley, electric light and telegraph poles of cedar or other woods.

Wooden staves of all kinds, not further manufactured than listed or jointed, and stave bolts.

Pickets and palings.

Plaster rock or gypsum, crude, not ground.

Mica, unmanufactured or rough trimmed only, and mica ground or bolted.

Feldspar, crude, powdered or ground.

Asbestos not further manufactured than ground.

Fluorspar, crude, not ground.

Glycerine, crude, not purified.

Talc, ground, bolted or precipitated, naturally or artificially, not for toilet use.

Sulphate of soda, or salt cake; and soda ash.

Extracts of hemlock bark.

Carbon electrodes.

Brass in bars and rods, in coil or otherwise, not less than six feet in length, or brass in strips, sheets or plates, not polished, planished or coated.

Cream separators of every description, and parts thereof imported for repair of the foregoing.

Rolled iron or steel sheets, or plates, number fourteen gauge or thinner, galvanized or coated with zinc, tin or other metal, or not.

Crucible cast steel wire, valued at not less than six cents per pound.

Galvanized iron or steel wire, curved or not, numbers nine, twelve, and thirteen wire gauge.

Typecasting and typesetting machines and parts thereof, adapted for use in printing offices.

Barbed fencing wire of iron or steel galvanized or not.

Coke.

Rolled round wire rods in the coil, of iron or steel, not over three-eighths of an inch in diameter, and not smaller than number six wire gauge.

Pulp of wood mechanically ground; pulp of wood, chemical, bleached or unbleached; news print paper, and other paper, and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is the component material of chief value, coloured in the pulp, or not coloured, and valued at not more than four cents per pound, not including printed or decorated wall paper.

Provided that such paper and board, valued at four cents per pound or less, and wood pulp, being the products of Canada when imported therefrom directly into the United States shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) shall have been imposed upon such paper, board or wood pulp, or the wood used in the manufacture of such paper, board or wood pulp, or the wood pulp used in the manufacture of such paper or board:

Provided also that such wood pulp, paper or board, being the products of the United States, shall only be admitted free of duty into Canada from the United States when

such wood pulp, paper or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States.

Note.—It is understood that fresh fruits to be admitted free of duty into the United States from Canada do not include lemons, oranges, limes, grape fruit, shaddocks, pome-los, or pineapples.

These things are largely free in Canada. In the United States they do not want to make them free, so they are not included in the fruits that are made free.

It is also understood that fish oil, whale oil, seal oil and fish of all kinds, being the product of fisheries carried on by the fishermen of the United States shall be admitted into Canada as the product of the United States, and similarly that fish oil, whale oil, seal oil and fish of all kinds, being the product of fisheries carried on by the fishermen of Canada, shall be admitted into the United States as the product of Canada.

That refers to fish taken beyond the three-mile limit, which would not be strictly a Canadian or a United States product; but if it is taken by Canadian fishermen it assumes the character of a Canadian product, and if it is taken by United States fishermen it assumes the character of a United States product, and is treated accordingly.

SCHEDULE B.

Articles of growth, product or manufacture of the United States to be admitted into Canada at the undermentioned rates of duty when imported from the United States; and reciprocally the same articles the growth, product or manufacture of Canada to be admitted in the United States at identical rates of duty when imported from Canada:—

Articles.	Rates of Duties.
Fresh meats, viz.:—beef, veal, mutton, lamb, pork, and all other fresh or refrigerated meats excepting game	One and one-quarter cents per pound.
Bacon and hams, not in tins or jars	One and one-quarter cents per pound.
Meats of all kinds, dried, smoked, salted, in brine, or prepared or preserved in any manner, not otherwise herein provided for	One and one-quarter cents per pound.
Canned meats and canned poultry	Twenty per cent ad valorem.
Extract of meat, fluid or not	Twenty per cent ad valorem.
Lard, and compounds thereof, cottonlene and cotton stearine, and animal stearine.	One and one-quarter cents per pound.
Tallow	Forty cents per 100 lbs.
Egg yolk, egg albumen and blood albumen..	Seven and one-half per cent. ad valorem.
Fish (except shell fish) by whatever name known, packed in oil, in tin boxes or cans, including the weight of the package:—	
(a) when weighing over twenty ounces and not over thirty-six ounces, each..	Five cents per package.
(b) when weighing over twelve ounces and not over twenty ounces each....	Four cents per package.
(c) when weighing twelve ounces each or less	Two cents per package.
(d) when weighing thirty-six ounces each or more, or when packed in oil, in bottles, jars or kegs	Thirty per cent ad valorem

SCHEDULE B.—Continued.

Articles.	Rates of Duties.
Tomatoes and other vegetables, including corn in cans or other air-tight packages, and including the weight of the package.	One and one-quarter cents per pound.
Wheat flour and semolina; and rye flour.	Fifty cents per barrel of 196 lbs.
Oatmeal and rolled oats, including the weight of paper covering	Fifty cents per 100 pounds.
Corn meal	Twelve and one-half cents per 100 pounds.
Barley malt	Forty-five cents per 100 pounds.
Barley, pot, pearlized and patent	One-half cent per pound.
Buckwheat flour or meal	One-half cent per pound.
Split pease, dried	Seven and one-half cents per bushel of 60 lbs.
Prepared cereal foods, not otherwise provided for herein.	Seventeen and a half per cent. ad valorem.
Bran, middlings and other offals of grain used for animal food.	Twelve and one-half cents per 100 pounds.
Macaroni and vermicelli	One cent per pound.
Biscuits, wafers and cakes, when sweetened with sugar, honey, molasses or other material	Twenty-five per cent. ad valorem.
Biscuits, wafers, cakes and other baked articles composed in whole or in part of eggs or any kind of flour or meal when combined with chocolate, nuts, fruit or confectionery; also candied peel, candied popcorn, candied nuts, candied fruits, sugar candy and confectionery of all kinds	Thirty-two and one-half per cent. ad valorem
Maple sugar and maple syrup.	One cent per pound.
Pickles, including pickled nuts; sauces of all kinds, and fish paste or sauce	Thirty-two and one-half per cent. ad valorem
Cherry juice and prune juice, or prune wine, and other fruit juices, and fruit syrup, non-alcoholic	Seventeen and a half per cent. ad valorem.
Mineral waters and imitations of natural mineral waters, in bottles or jugs	Seventeen and a half per cent. ad valorem.
Essential oils	Seven and a half per cent. ad valorem.
Grape vines; gooseberry, raspberry and currant bushes	Seventeen and a half per cent ad valorem.
Farm wagons, and finished parts thereof ...	Twenty-two and a half per cent. ad valorem.
Ploughs, tooth and disc harrows, harvesters, reapers, agricultural drills and planters, mowers, horse-rakes, cultivators; threshing machines, including windstackers, baggers, weighers, and self-feeders therefor; and finished parts thereof imported for repair of the foregoing	Fifteen per cent. ad valorem.
Portable engines with boilers, in combination, horse-powers and traction engines, for farm purposes; hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, manure spreaders, weeders and windmills; and finished parts thereof imported for repair for the foregoing, except shafting	Twenty per cent. ad valorem.
Grindstones of sandstone, not mounted, finished or not	Five cents per 100 pounds.
Freestone, granite, sandstone, limestone, and all other monumental or building stone, except marble, breccia and onyx, unmanufactured, or not dressed, hewn or polished	Twelve and a half per cent. ad valorem.
Roofing slates	Fifty-five cents per 100 square feet.
Vitrified paving blocks, not ornamented or decorated in any manner and paving blocks of stone	Seventeen and a half per cent ad valorem.

SCHEDULE B.—Concluded.

Articles.	Rates of Duties.
Oxide of iron, as a colour	Twenty-two and a half per cent. ad valorem.
Asbestos further manufactured than ground; manufactures of asbestos, or articles of which asbestos is the component material of chief value, including woven fabrics wholly or in chief value of asbestos	Twenty-two and a half per cent. ad valorem.
Printing ink	Seventeen and a half per cent ad valorem.
Cutlery, plated or not, viz.:—pocket knives, pen knives, scissors and shears, knives and forks for household purposes ,and table steels	Twenty-seven and a half per cent. ad valorem
Bells and gongs; brass corners and rules for printers	Twenty-seven and a half per cent. ad valorem
Basins, urinals and other plumbing fixtures for bath rooms and lavatories; bath tubs, sinks and laundry tubs, of earthenware, stone, cement or clay, or or other material	Thirty-two and a half per cent ad valorem.
Brass band instruments	Twenty-two and a half per cent. ad valorem.
Clocks, watches, time recorders, clock and watch keys, clock cases, and clock movements	Twenty-seven and a half per cent. ad valorem
Printers' wooden cases and cabinets for holding type	Twenty-seven and a half per cent. ad valorem
Wood flour	Twenty-two and a half per cent. ad valorem.
Canoes and small boats of wood, not power boats	Twenty-two and a half per cent. ad valorem.
Feathers, crude, not dressed, coloured or otherwise manufactured	Twelve and a half per cent. ad valorem.
Antiseptic surgical dressings, such as absorbent cotton, cotton wool, lint, lamb's wool, tow, jute, gauzes and oakum, prepared for use as surgical dressings, plain or medicated; surgical trusses, pessaries and suspensory bandages of all kinds.	Seventeen and a half per cent. ad valorem.
Plate glass, not bevelled, in sheets or panes exceeding seven square feet each, and not exceeding twenty-five square feet each.	Twenty-five per cent. ad valorem.
Motor vehicles other than for railways and tramways, and automobiles, and parts thereof, not including rubber tires	Thirty per cent. ad valorem.
Iron or steel digesters for the manufacture of wood pulp	Twenty-seven and a half per cent. ad valorem
Musical instrument cases, fancy cases or boxes, portfolios, satchels, reticules, card cases, purses, pocket books, fly books for artificial flies, all the foregoing composed wholly or in chief value of leather	Thirty per cent. ad valorem.

Schedule C.—Articles of growth product or manufacture of Canada to be admitted into the United States at the undermentioned special rates of duty when imported from Canada :—

Articles.	Rates of Duties.
Aluminum in crude form	Five cents per pound.
Aluminum in plates sheets, bars and rods	Eight cents per pound.
Laths	Ten cents per 1,000 pieces.
Shingles	Thirty cents per thousand.
Sawed boards, planks, dealis and other lumber, planed or finished on one side.	Fifty cents per M. feet B.M.

SCHEDULE C.—Concluded.

Articles.	Rates of Duties.
Planed or finished on one side and tongued and grooved, or planed or finished on two sides	Seventy-five cents per M. feet B.M.
Planed or finished on three sides, or planed and finished on two sides and tongued and grooved	One dollar and twelve and a half cents per M. feet B.M.
Planed and finished on four sides And in estimating board measure under this schedule no reduction shall be made on board measure on account of planning, tenoning and grooving.	One dollar and fifty cents per M. feet B.M.
Iron ore, including manganeseiferous iron ore, and the dross or residuum from burnt pyrites	Ten cents per ton of 2,240 pounds.
Coal slack or culm of all kinds, such as will pass through a half-inch screen	Fifteen cents per ton of 2,240 pounds.

Mr. MACLEAN (York). What about anthracite coal?

Mr. FIELDING. That is at present free on both sides. We do not produce it in Canada.

Mr. CHISHOLM (Huron). What about the standard for anthracite?

Mr. FIELDING. There is nothing in our regulations touching anthracite at all. We have a few articles on the other side, and this sets forth the terms and conditions upon which these are to be admitted into Canada from the United States, being the items with respect to which we did not find it convenient to have a common rate.

Schedule D.—Articles of growth, product or manufacture of the United States to be admitted into Canada at the undermentioned special rates of duty when imported from the United States:—

Articles.	Rates of Duties.
Cement, Portland, and hydraulic or water lime, in barrels, bags, or casks, the weight of the package to be included in the weight for duty	Eleven cents per 100 pounds.
Trees, viz.:—Apple, cherry, peach, pear, plum and quince, of all kinds, and small peach trees known as June buds	Two and a half cents each.
Condensed milk, the weight of the package to be included in the weight for duty	Two cents per pound.
Biscuits without added sweetening	Twenty per cent. ad valorem.
Fruits in air-tight cans or other air-tight packages, the weight of the cans or other packages to be included in the weight for duty	Two cents per pound.
Peanuts, shelled	One cent per pound.
Peanuts, unshelled	A half cent per pound.
Coal, bituminous, round and run of mine, including bituminous coal such as will not pass through a three-quarter inch screen.	Forty-five cents per ton.

This completes the schedules which, I am sorry to say, have occupied the attention of the House longer than I thought they would.

Mr. EMMERSON. Would the hon. minister, before he leaves these schedules, state the changes made in the tariff with

respect to building and grinding stones?

Mr. FIELDING. I am going to include in the schedule a comparison showing the effect of the changes in each article—showing the American rate, our rate, and the new rate, and the reductions on each side. With the permission of the House I shall hand it into 'Hansard' without reading it.

Mr. BRODER. Is there any understanding about the packages in which free goods are shipped?

Mr. FIELDING. In some cases we have mentioned it. For instance, in the case of cream we have provided that the cans containing it which may pass to and fro, shall be free of duty.

Mr. BRODER. They put a heavy duty on the packages.

Mr. FIELDING. We have thought of that, and my hon. friend will find that the wording of the item is entirely satisfactory. These reductions will apply to British goods as well, if they should be found in any case to affect them. But these cases will be found to be very few. They will apply, however, not only to the United States, but they will apply to every country with which we have what is called the favoured nation treaty. It is well understood that by virtue of these old treaties (many of them made years ago at a time when Canada had hardly reached its present mature status, and when the colonies were not so consulted as they are now in regard to these arrangements), these old treaties still outstanding and binding the whole empire oblige us to give whatever is given to one country to all other countries possessing these treaties. We have had that question repeatedly up here, and hon. gentlemen no doubt understand it. And so, these reductions will have to be given in each case to the various countries which have what is called the favoured nation treaties.

It is too soon to make any very close examination into the financial results, but I thought we ought to make an approximate estimate and that it would interest the House to know what that estimate is. As far as we can see on a hurried examination, on the basis of last year's business—assuming that for the first year under the operation of this arrangement the volume of trade to be the same as last year—it would result in a reduction of taxation amounting to \$2,260,000. Therefore, even from the point of view of the reduction of the burden on the taxpayer the matter is well worthy of attention.

We have been impressed, Mr. Speaker, from the beginning—my hon. colleague the Minister of Customs and myself, who have been charged with these negotiations—with the great importance of the matter. I need

hardly say we have given to the work our best consideration and attention. We have fortunately had the benefit of the assistance of two capable and able officers of our public service. I refer to Mr. John McDougald, the Commissioner of Customs, or Deputy Minister of Customs as he really is, and Mr. James A. Russell, for many years in the Customs department, but now assigned to the tariff branch of the Finance Department. In the preparation of the information necessary for an intelligent study of this question, and later on in the working out of the details of the arrangement, we have received from these gentlemen a service of the utmost value and I desire in this public way, to express how deeply we are indebted to them.

It would be too much to expect that an arrangement of this character should be adopted without careful criticism and perhaps it is too much to expect that it should be passed without adverse opinion. The common experience is that all grave and important movements are calculated sometimes to alarm people and that we are amazed afterwards as the years roll on to find how our anticipations have not been realized. I trust it will be found by those who have been somewhat anxious, perhaps nervous, possibly alarmed for the outcome of these negotiations; I trust as they look into the matter carefully they will find, as I believe they will find, that their anxiety, while very natural, was hardly necessary. In this arrangement they will find that every interest in the Dominion of Canada has received our careful consideration. We hope indeed to broaden the trade between our neighbours and ourselves; we have desired to find larger markets for our products. We are doing that all the time: we are sending our commercial agents to the uttermost ends of the earth to seek for business; why not seek it from the 92,000,000 people who live side by side with us?

We present this arrangement as one which we feel we can sincerely commend to the judgment of this House and of the people of Canada. We do not present it to the House as something in which we have won a victory over our American friends. That, Sir, would be a small return for the good spirit in which they have met us. I desire to say that throughout these negotiations the President of the United States has given us abundant reason to appreciate his sincere desire to carry out a friendly arrangement. He will carry into the completion of this transaction the authority of his great office and his great talents; he will carry into it, Sir, all the energy and ability he possesses to bring it to a successful issue and I know he will make it a labour of love.

And, no less commendable has been the line of conduct of the distinguished Secretary of State of the United States, Mr. P. C. Knox. As this is an international matter, it came under the direction of the Secretary of State. Mr. Knox gave it close

personal attention for many days, day after day, and I know he is not less anxious than the President of the United States to bring about a friendly arrangement. From these two distinguished gentlemen, from every officer of the State department and Treasury department, and from all with whom we were brought in contact, we found abundant evidence of an honest and sincere desire to make a friendly arrangement with us.

We present the arrangement to you today, Sir, not as a triumph of one country over the other, but as the result of an effort to do justice to both: we commend this arrangement, Sir, to the judgment of this Parliament as the President of the United States will commend it to the judgment of the Congress. The one fear I have is that there may be people who will say that we have made so good a bargain that the Congress should not approve of it. In times past friendly arrangements have been made with the United States government which have failed to receive the approval of the Congress, but we think the time is more favourable now. We think we have found the psychological moment for dealing with this question; we think we are within reach of some of the commercial advantages for which our people have struggled now for half a century. We commit this matter to the care of the Canadian parliament with the firm conviction that it is going to be a good thing for Canada, a good thing for the United States, and that we will continue to have it and maintain it not because there is any binding obligation to do so, but because the intelligence of the people of the two countries will decide that it is a good thing for the promotion of friendly relations and for the development of commerce of the two countries.

Resolution to be moved in Committee of Ways and Means.

That it is expedient to amend the Customs Tariff, 1907, and to provide as follows:

1. That the articles, the growth, product or manufacture of the United States, specified in Schedule A, shall be admitted into Canada free of duty when imported from the United States.

2. That the articles, the growth, product or manufacture of the United States, specified in schedules B and D shall be admitted into Canada upon payment of the rates of duty specified in the said schedules when imported from the United States.

That the advantages hereby granted to the United States shall extend to any and every other foreign power which may be entitled thereto under the provisions of any treaty or convention with His Majesty.

That the advantages hereby granted to the United States shall extend to the United Kingdom and the several British colonies and possessions with respect to their commerce with Canada. Provided, however, that nothing herein contained shall be held to increase any rate of duty now provided for in the British preferential tariff.

That it is expedient to provide that the Act proposed to be founded on the foregoing resolutions shall not come into operation until a date to be named by the Governor-in-Council in a proclamation to be published in the 'Canada Gazette' and that such proclamation may be issued whenever it appears to the satisfaction of the Governor-in-Council that the United States Congress has enacted or will forthwith enact such legislation as will grant to Canada the reciprocal advantages provided for in certain correspondence dated Washington, January 21, 1911, between the Honourable P. C. Knox, Secretary of State for the United States, and the Honourable W. S. Fielding, Minister of Finance of Canada, and the Honourable William Paterson, Minister of Customs of Canada.





